



Senate

General Assembly

File No. 485

February Session, 2018

Substitute Senate Bill No. 498

Senate, April 12, 2018

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist. and SEN. MCLACHLAN, M. of the 24th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING THE ESTABLISHMENT OF COMPLIANT
ACCOUNTS BY PARTY COMMITTEES FOR EXPENDITURES ON
STATE ELECTIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 9-601 of the general statutes is amended by adding
2 subdivisions (32) to (34), inclusive, as follows (*Effective January 1, 2019*):

3 (NEW) (32) "Federal-only account" means a depository account
4 established or controlled by a party committee, which depository
5 account is subject to the disclosure and contribution limits provided
6 under the Federal Election Campaign Act of 1971, as amended from
7 time to time.

8 (NEW) (33) "State-only account" means a depository account
9 established or controlled by a party committee, which depository
10 account is subject to the disclosure and contribution limits provided
11 under chapters 155 to 157, inclusive.

12 (NEW) (34) "Compliant account" means a depository account
13 established or controlled by a party committee (A) that is completely
14 segregated from any other account established or controlled by the
15 party committee, (B) that contains only funds raised in compliance
16 with both the Federal Election Campaign Act of 1971, as amended
17 from time to time, and chapters 155 to 157, inclusive, and does not
18 contain any funds transferred from a federal-only account established
19 or controlled by the party committee or from a committee registered
20 with the Federal Election Commission, and (C) from which all
21 expenditures are made in full compliance with both the Federal
22 Election Campaign Act of 1971, as amended from time to time, and
23 chapters 155 to 157, inclusive.

24 Sec. 2. Section 9-617 of the general statutes is amended by adding
25 subsection (e) as follows (*Effective January 1, 2019*):

26 (NEW) (e) A party committee may establish a compliant account, as
27 defined in section 9-601, as amended by this act. For the purposes of
28 chapters 155 to 157, inclusive, including limits for contributions,
29 expenditures and organization expenditures, any compliant account of
30 a party committee will be aggregated with the state-only account, as
31 defined in section 9-601, as amended by this act, if any, of such party
32 committee.

33 Sec. 3. Subdivision (25) of section 9-601 of the 2018 supplement to
34 the general statutes is repealed and the following is substituted in lieu
35 thereof (*Effective January 1, 2019*):

36 (25) "Organization expenditure" means an expenditure by a party
37 committee [.] from its state-only account or compliant account, by a
38 legislative caucus committee or by a legislative leadership committee,
39 for the benefit of a candidate or candidate committee for:

40 (A) The preparation, display or mailing or other distribution of a
41 party candidate listing. As used in this subparagraph, "party candidate
42 listing" means any communication that meets the following criteria: (i)
43 The communication lists the name or names of candidates for election

44 to public office, (ii) the communication is distributed through public
45 advertising such as broadcast stations, cable television, newspapers or
46 similar media, or through direct mail, telephone, electronic mail,
47 publicly accessible sites on the Internet or personal delivery, and (iii)
48 the communication is made to promote the success or defeat of any
49 candidate or slate of candidates seeking the nomination for election, or
50 election or for the purpose of aiding or promoting the success or defeat
51 of any referendum question or the success or defeat of any political
52 party, provided such communication is not a solicitation for or on
53 behalf of a candidate committee;

54 (B) A document in printed or electronic form, including a party
55 platform, an electronic page providing merchant account services to be
56 used by a candidate for the collection of on-line contributions, a copy
57 of an issue paper, information pertaining to the requirements of this
58 title, a list of registered voters and voter identification information,
59 which document is created or maintained by a party committee,
60 legislative caucus committee or legislative leadership committee for
61 the general purposes of party or caucus building and is provided (i) to
62 a candidate who is a member of the party that has established such
63 party committee, or (ii) to a candidate who is a member of the party of
64 the caucus or leader who has established such legislative caucus
65 committee or legislative leadership committee, whichever is
66 applicable;

67 (C) A campaign event at which a candidate or candidates are
68 present; or

69 (D) The retention of the services of an advisor to provide assistance
70 relating to campaign organization, financing, accounting, strategy, law
71 or media.

72 Sec. 4. Subsection (c) of section 9-608 of the general statutes is
73 repealed and the following is substituted in lieu thereof (*Effective*
74 *January 1, 2019*):

75 (c) (1) Each statement filed under subsection (a), (e) or (f) of this

76 section shall include, but not be limited to: (A) An itemized accounting
77 of each contribution, if any, including the full name and complete
78 address of each contributor and the amount of the contribution; (B) an
79 itemized accounting of each expenditure, if any, including the full
80 name and complete address of each payee, including secondary payees
81 whenever the primary or principal payee is known to include charges
82 which the primary payee has already paid or will pay directly to
83 another person, vendor or entity, the amount and the purpose of the
84 expenditure, the candidate supported or opposed by the expenditure,
85 whether the expenditure is made independently of the candidate
86 supported or is an in-kind contribution to the candidate, and a
87 statement of the balance on hand or deficit, as the case may be; (C) an
88 itemized accounting of each expense incurred but not paid, provided if
89 the expense is incurred by use of a credit card, the accounting shall
90 include secondary payees, and the amount owed to each such payee;
91 (D) the name and address of any person who is the guarantor of a loan
92 to, or the cosigner of a note with, the candidate on whose behalf the
93 committee was formed, or the treasurer in the case of a party
94 committee or a political committee or who has advanced a security
95 deposit to a telephone company, as defined in section 16-1, for
96 telecommunications service for a committee; (E) for each business
97 entity or person purchasing advertising space in a program for a fund-
98 raising affair or on signs at a fund-raising affair, the name and address
99 of the business entity or the name and address of the person, and the
100 amount and aggregate amounts of such purchases; (F) for each
101 individual who contributes in excess of one hundred dollars but not
102 more than one thousand dollars, in the aggregate, to the extent known,
103 the principal occupation of such individual and the name of the
104 individual's employer, if any; (G) for each individual who contributes
105 in excess of one thousand dollars in the aggregate, the principal
106 occupation of such individual and the name of the individual's
107 employer, if any; (H) for each itemized contribution made by a
108 lobbyist, the spouse of a lobbyist or any dependent child of a lobbyist
109 who resides in the lobbyist's household, a statement to that effect; and
110 (I) for each individual who contributes in excess of four hundred

111 dollars in the aggregate to or for the benefit of any candidate's
112 campaign for nomination at a primary or election to the office of chief
113 executive officer or a slate or town committee financing the
114 nomination or election or a candidate for chief executive officer of a
115 town, city or borough, a statement indicating whether the individual
116 or a business with which he is associated has a contract with said
117 municipality that is valued at more than five thousand dollars. Each
118 treasurer shall include in such statement (i) an itemized accounting of
119 the receipts and expenditures relative to any testimonial affair held
120 under the provisions of section 9-609 or any other fund-raising affair,
121 which is referred to in subsection (b) of section 9-601a, and (ii) the date,
122 location and a description of the affair, except that a treasurer shall not
123 be required to include the name of any individual who has purchased
124 items at a fund-raising affair or food at a town fair, county fair or
125 similar mass gathering, if the cumulative value of items purchased by
126 such individual does not exceed one hundred dollars, or the name of
127 any individual who has donated food or beverages for a meeting. In
128 the case of a party committee with a compliant account established
129 pursuant to subsection (e) of section 9-617, as amended by this act, the
130 treasurer of such party committee shall report whether any such
131 contribution, expenditure, expense incurred but not paid or receipt
132 was to or from the state-only account or compliant account of such
133 party committee. A treasurer shall not be required to report or retain
134 any receipts or expenditures related to any de minimis donations
135 described in subdivision (17) of subsection (b) of section 9-601a.

136 (2) Each contributor described in subparagraph (F), (G), (H) or (I) of
137 subdivision (1) of this subsection shall, at the time the contributor
138 makes such a contribution, provide the information that the treasurer
139 is required to include under said subparagraph in the statement filed
140 under subsection (a), (e) or (f) of this section. Notwithstanding any
141 provision of subdivision (2) of section 9-7b, any contributor described
142 in subparagraph (F) of subdivision (1) of this subsection who does not
143 provide such information at the time the contributor makes such a
144 contribution and any treasurer shall not be subject to the provisions of
145 subdivision (2) of section 9-7b. If a treasurer receives a contribution

146 from an individual which separately, or in the aggregate, is in excess of
147 one thousand dollars and the contributor has not provided the
148 information required by said subparagraph (G) or if a treasurer
149 receives a contribution from an individual to or for the benefit of any
150 candidate's campaign for nomination at a primary or election to the
151 office of chief executive officer of a town, city or borough, which
152 separately, or in the aggregate, is in excess of four hundred dollars and
153 the contributor has not provided the information required by said
154 subparagraph (I), the treasurer: (i) Not later than three business days
155 after receiving the contribution, shall send a request for such
156 information to the contributor by certified mail, return receipt
157 requested; (ii) shall not deposit the contribution until the treasurer
158 obtains such information from the contributor, notwithstanding the
159 provisions of section 9-606; and (iii) shall return the contribution to the
160 contributor if the contributor does not provide the required
161 information not later than fourteen days after the treasurer's written
162 request or the end of the reporting period in which the contribution
163 was received, whichever is later. Any failure of a contributor to
164 provide the information which the treasurer is required to include
165 under said subparagraph (F) or (H), which results in noncompliance
166 by the treasurer with the provisions of said subparagraph (F) or (H),
167 shall be a complete defense to any action against the treasurer for
168 failure to disclose such information.

169 (3) In addition to the requirements of subdivision (2) of this
170 subsection, each contributor who makes a contribution to a candidate
171 or exploratory committee for Governor, Lieutenant Governor,
172 Attorney General, State Comptroller, Secretary of the State, State
173 Treasurer, state senator or state representative, any political committee
174 authorized to make contributions to such candidates or committees,
175 and any party committee, including such party committee's state-only
176 account and, if applicable, compliant account established pursuant to
177 subsection (e) of section 9-617, as amended by this act, that separately,
178 or in the aggregate, exceeds fifty dollars shall provide with the
179 contribution: (A) The name of the contributor's employer, if any; (B)
180 the contributor's status as a communicator lobbyist, as defined in

181 section 1-91, a member of the immediate family of a communicator
182 lobbyist, a state contractor, a prospective state contractor or a principal
183 of a state contractor or prospective state contractor, as defined in
184 section 9-612; and (C) a certification that the contributor is not
185 prohibited from making a contribution to such candidate or
186 committee. The State Elections Enforcement Commission shall prepare
187 a [sample] form for such certification by the contributor and shall
188 make it available to treasurers and contributors. Such [sample] form
189 shall include an explanation of the terms "communicator lobbyist",
190 "principal of a state contractor or prospective state contractor",
191 "immediate family", "state contractor" and "prospective state
192 contractor". The information on such [sample] form shall be included
193 in any written solicitation conducted by any such committee. If a
194 treasurer receives such a contribution and the contributor has not
195 provided such certification, the treasurer shall: (i) Not later than three
196 business days after receiving the contribution, send a request for the
197 certification to the contributor by certified mail, return receipt
198 requested; (ii) not deposit the contribution until the treasurer obtains
199 the certification from the contributor, notwithstanding the provisions
200 of section 9-606; and (iii) return the contribution to the contributor if
201 the contributor does not provide the certification not later than
202 fourteen days after the treasurer's written request or at the end of the
203 reporting period in which the contribution was received, whichever is
204 later. No treasurer shall be required to obtain and keep more than one
205 certification from each contributor, unless information certified to by
206 the contributor, other than the amount contributed, changes. If a
207 treasurer deposits a contribution based on a certification that is later
208 determined to be false, the treasurer shall have a complete defense to
209 any action, including but not limited to, any complaint investigated by
210 the State Elections Enforcement Commission or any other investigation
211 initiated by said commission, against such treasurer for the receipt of
212 such contribution.

213 (4) Contributions from a single individual to a treasurer in the
214 aggregate totaling fifty dollars or less need not be individually
215 identified in the statement, but a sum representing the total amount of

216 all such contributions made by all such individuals during the period
217 to be covered by such statement shall be a separate entry, identified
218 only by the words "total contributions from small contributors".

219 (5) Each statement filed by the treasurer of a party committee, a
220 legislative caucus committee or a legislative leadership committee shall
221 include an itemized accounting of each organization expenditure made
222 by the committee. Concomitant with the filing of any such statement
223 containing an accounting of an organization expenditure made by the
224 committee for the benefit of any candidate for the office of state
225 senator, state representative, Governor, Lieutenant Governor, Attorney
226 General, Secretary of the State, State Comptroller or State Treasurer
227 such treasurer shall provide notice of the organization expenditure to
228 the candidate committee of such candidate.

229 (6) When a party committee makes or incurs an expenditure for a
230 communication, each statement filed by such party committee shall
231 indicate in the itemized accounting of expenditures (A) whether the
232 costs of the communication were allocated among such party
233 committee's state-only account, compliant account established
234 pursuant to subsection (e) of section 9-617, as amended by this act, or
235 any other account, and (B) if so, the percentages of such allocation paid
236 from such state-only account or compliant account.

237 ~~[(6)]~~ (7) The commission shall post a link on the home page of the
238 commission's Internet web site to a listing of all organizational
239 expenditures reported by a party, legislative leadership or caucus
240 committee under subdivision (5) of this subsection. Such information
241 shall include reported information on the committee making the
242 expenditure, the committee receiving the expenditure and the date and
243 purpose for the expenditure.

244 ~~[(7)]~~ (8) Statements filed in accordance with this section shall remain
245 public records of the state for five years from the date such statements
246 are filed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2019</i>	9-601
Sec. 2	<i>January 1, 2019</i>	9-617
Sec. 3	<i>January 1, 2019</i>	9-601(25)
Sec. 4	<i>January 1, 2019</i>	9-608(c)

Statement of Legislative Commissioners:

In Section 2, in the last sentence, references to "party committee" were inserted for clarity; and in Section 4(c)(6), "include" was changed to "indicate" for accuracy.

GAE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill establishes state-only and federal-only accounts for candidate committees and allows them to establish compliant accounts from which state election expenditures may be made. The bill also requires candidate committees comply with state and federal campaign laws.

There is no fiscal impact as the State Elections Enforcement Commission previously adapted their electronic reporting system to accommodate the account system.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**SB 498*****AN ACT CONCERNING THE ESTABLISHMENT OF COMPLIANT ACCOUNTS BY PARTY COMMITTEES FOR EXPENDITURES ON STATE ELECTIONS.*****SUMMARY**

This bill establishes state-only, federal-only, and compliant accounts for party committees (i.e., state central and town committees) and requires that they comply with state campaign finance laws, federal campaign finance laws, and both, respectively. It requires a party committee's campaign finance statements to reflect state-only and compliant account activity. It also prohibits party committees from making organization expenditures from their federal-only accounts (see BACKGROUND).

The bill also makes technical changes.

EFFECTIVE DATE: January 1, 2019

DEFINITIONS

Under the bill, "state-only account" means a depository account that is established or controlled by a party committee and subject to disclosure and contribution limits under state campaign finance laws. "Federal-only account" means a depository account that is established or controlled by a party committee and subject to disclosure and contribution limits under the Federal Election Campaign Act of 1971.

"Compliant account" means a party committee's depository account that:

1. is completely segregated from any other account the committee establishes or controls,

2. contains only funds raised in compliance with both federal and state law,
3. does not contain funds transferred from the party committee's federal-only account or from a committee registered with the Federal Election Commission, and
4. from which all expenditures are made in full compliance with federal and state law.

CAMPAIGN FINANCE STATEMENTS

By law, party committees must file periodic campaign finance statements with the State Elections Enforcement Commission according to specified schedules. Among other things, the statements must include an itemized accounting of contributions received, expenditures made, expenses incurred, and certain receipts (e.g., for fundraising affairs).

The bill requires party committee treasurers to report whether any contribution, expenditure, expense incurred but not paid, or receipt was to or from the state-only or compliant account. When party committees make or incur expenditures for communications, the bill requires that their campaign finance statements also indicate in the itemized expenditure accounting whether the costs were allocated among the state-only, compliant, or any other account. If there was an allocation among accounts, the statement must disclose the percentage from the state-only and compliant accounts, as applicable.

AGGREGATE LIMITS: STATE-ONLY AND COMPLIANT ACCOUNTS

For party committees with a compliant account, the bill requires that state campaign finance limits on contributions, expenditures, and organization expenditures be aggregated with the state-only account. For example, existing law places a \$10,000 calendar year limit on contributions from state central committees to legislative caucus or legislative leadership committees. Under the bill, the \$10,000 limit applies to total contributions from both the state-only and compliant

accounts.

BACKGROUND

Organization Expenditures

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees for the benefit of candidates or their committees (CGS § 9-601(25)). They are not considered campaign contributions, but the law places restrictions and limits on those made to benefit legislative candidates participating in the Citizens' Election Program.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 17 Nay 0 (03/23/2018)